

**EUNICE STUDENT HOUSING  
FOUNDATION, INC.**

Eunice, Louisiana

Financial Report

Years Ended August 31, 2009 and 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

3/3/10

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**Darnall, Sikes,  
Gardes Frederick.**

(A Corporation of Certified Public Accountants)

**Independent Auditor's Report**

The Board of Directors  
Eunice Student Housing Foundation, Inc.  
Eunice, Louisiana

We have audited the accompanying financial statements of the Eunice Student Housing Foundation, Inc. (a nonprofit organization), as of and for the years ended August 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eunice Student Housing Foundation, Inc. as of August 31, 2009 and 2008, and changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2009 on our consideration of Eunice Student Housing Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

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Our audits were performed for the purpose of forming an opinion on the basic financial statements of Eunice Student Housing Foundation, Inc. taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Management's discussion and analysis, supplementary information required by the Governmental Accounting Standards Board, is not a required part of the basic financial statements. The Foundation has not presented this information as part of this financial report.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
February 12, 2009

## **BASIC FINANCIAL STATEMENTS**

EUNICE STUDENT HOUSING FOUNDATION, INC.

Statements of Net Assets  
August 31, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
ASSETS		
Cash	\$ 34,288	\$ 37,709
Rents and fees receivable, net	71,946	65,105
Interest receivable	-	5,383
Cash - restricted	146,104	99,058
Investments - restricted for debt service, at fair market value	508,650	566,347
Prepaid expenses	3,056	3,052
	<u>764,044</u>	<u>776,654</u>
PROPERTY AND EQUIPMENT, at cost	5,294,666	5,294,666
Less: accumulated depreciation	<u>(1,227,692)</u>	<u>(1,062,605)</u>
	<u>4,066,974</u>	<u>4,232,061</u>
OTHER ASSETS		
Loan costs, net of amortization	<u>202,065</u>	<u>210,851</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,033,083</u></b>	<b><u>\$ 5,219,566</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Cash overdraft	\$ 18,135	\$ 17,529
Accounts payable	91,777	94,072
Accrued interest payable	252,041	254,623
Management fees payable	159,424	134,832
Deferred rent revenue	97,425	102,407
Current maturities of revenue bonds	90,000	70,000
Security deposits	37,816	38,631
	<u>746,618</u>	<u>712,094</u>
Revenue bonds payable	6,745,000	6,835,000
Unamortized discount	<u>(288,696)</u>	<u>(292,293)</u>
	<u>6,456,304</u>	<u>6,542,707</u>
<b>TOTAL LIABILITIES</b>	<b><u>7,202,922</u></b>	<b><u>7,254,801</u></b>
NET ASSETS		
Invested in capital assets, net of debt	(2,479,330)	(2,380,646)
Restricted	595,241	616,146
Unrestricted	<u>(285,750)</u>	<u>(270,735)</u>
Total net assets (deficit)	<u>(2,169,839)</u>	<u>(2,035,235)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,033,083</u></b>	<b><u>\$ 5,219,566</u></b>

The accompanying notes are an integral part of these financial statements.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Years Ended August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
SUPPORT AND REVENUES		
Apartment rent	\$ 897,296	\$ 823,931
Fee income	35,212	35,988
Interest income	766	22,882
Miscellaneous	<u>6,988</u>	<u>10,166</u>
Total support and revenue	940,262	892,967
OPERATING, GENERAL, AND AND ADMINISTRATIVE EXPENSES	<u>1,074,866</u>	<u>1,157,992</u>
DECREASE IN NET ASSETS	(134,604)	(265,025)
NET ASSETS (DEFICIT), beginning	<u>(2,035,235)</u>	<u>(1,770,210)</u>
NET ASSETS (DEFICIT), ending	<u>\$ (2,169,839)</u>	<u>\$ (2,035,235)</u>

The accompanying notes are an integral part of these financial statements.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Statements of Cash Flows  
Years Ended August 31, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (134,604)	\$ (265,025)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation and amortization	177,470	179,711
Increase (decrease) in:		
Rent and fees receivable	(6,841)	(14,752)
Interest receivable	5,383	2,455
Prepaid expenses	(4)	2,603
(Increase) decrease in:		
Accounts payable	(2,295)	(40,663)
Interest payable	(2,582)	(1,843)
Management fees payable	24,592	24,591
Deferred rent revenue	(4,982)	17,691
Security deposits payable	(815)	2,416
Net cash provided (used) by operating activities	<u>55,322</u>	<u>(92,816)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of interest bearing deposits	<u>57,697</u>	<u>90,984</u>
Net cash provided (used) by investing activities	<u>57,697</u>	<u>90,984</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of cash overdraft	606	17,529
Repayment on long term debt	<u>(70,000)</u>	<u>(50,000)</u>
Net cash provided (used) by financing activities	<u>(69,394)</u>	<u>(32,471)</u>
Net increase (decrease) in cash and cash equivalents	43,625	(34,303)
CASH AND CASH EQUIVALENTS, beginning of year	<u>136,767</u>	<u>171,070</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 180,392</u>	<u>\$ 136,767</u>
Reconciliation of cash and cash equivalents per statements of cash flows to the balance sheets:		
Cash and cash equivalents, end of year		
Cash - unrestricted	\$ 34,288	\$ 37,709
Cash - restricted	<u>146,104</u>	<u>99,058</u>
Total cash and cash equivalents	<u>\$ 180,392</u>	<u>\$ 136,767</u>
<b>SUPPLEMENTAL DATA</b>		
Interest paid	<u>\$ 509,244</u>	<u>\$ 512,931</u>

The accompanying notes are an integral part of these financial statements.



# EUNICE STUDENT HOUSING FOUNDATION, INC.

## Notes to Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Nature of Operations

The Eunice Student Housing Foundation, Inc. (The Foundation) is a not-for-profit organization as outlined in the Internal Revenue Code Section 501(c)(3). The Foundation provides student housing on the campus of Louisiana State University at Eunice, Louisiana, known as Bengal Village. The Bengal Village apartment complex consists of 58 units and is managed by Campus Living Villages (Campus). The management agreement commenced August 1, 2002 for a term of 15 years through July 31, 2017. Thereafter, the agreement shall be automatically renewed annually unless terminated. All personnel employed in the leasing, management, maintenance and operation of Bengal Village are employees of Campus.

#### Reporting Entity

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Foundation is considered a component unit of the Louisiana State University System. As a component unit, the audited financial statements of the Eunice Student Housing Foundation will be included in the basic financial statements of the Louisiana State University System, a component unit of the State of Louisiana, and in the basic financial statements of the Louisiana State University at Eunice for the year ended June 30, 2008. The accompanying financial statements present information only on the funds maintained by the Eunice Student Housing Foundation.

#### Basis of Accounting

The Foundation utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### Basis of Presentation

The accompanying financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is calculated over the estimated useful lives of the respective assets using the straight-line method.

Maintenance, Capitalization, and Disposal Policies

Repairs and maintenance are expensed as incurred. Expenditures incurred in the construction or that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid interest-bearing deposits with a maturity of three months or less when purchased.

Use of Estimates

Preparation of The Foundation's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 TAX STATUS

The Foundation is accorded tax-exempt status under the Internal Revenue Code Section 501(c)(3). It is also exempt from Louisiana income tax. Accordingly, no provision is required for income taxes.

The Foundation is not a private foundation as determined under Section 509(a) of the Internal Revenue Code.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

NOTE 3 CASH AND CASH EQUIVALENTS

	<u>2009</u>	<u>2008</u>
Cash overdraft:		
J. P. Morgan Chase - operating	\$ <u>(18,135)</u>	\$ <u>(17,529)</u>
Unrestricted:		
Petty cash	\$ 300	\$ 300
St. Landry Bank - rental deposits	12,519	9,298
Bank of New York Trust Co. of Florida:		
Operating expense	3	3
Security deposits	[1] <u>21,466</u>	<u>28,108</u>
Total unrestricted cash	<u>34,288</u>	<u>37,709</u>
Restricted:		
St. Landry Bank - security deposits	59,512	49,259
Bank of New York Trust Co. of Florida:		
Capital reserve	-	4,030
Principal Account	[1] <u>86,592</u>	<u>45,769</u>
Total restricted cash and cash equivalents	<u>146,104</u>	<u>99,058</u>
Total cash and cash equivalents	<u>\$ 180,392</u>	<u>\$ 136,767</u>

[1] Cash accounts held by the bond trustee.

	<u>Bank Balance 2009</u>	<u>Bank Balance 2008</u>
Unrestricted:		
J. P. Morgan Chase - operating	\$ 38,052	\$ 47,272
St. Landry Bank - rental deposits	1,000	8,984
Bank of New York Trust Co. of Florida:		
Operating expense	3	3
Security deposits	<u>21,466</u>	<u>28,108</u>
Total unrestricted cash	<u>60,521</u>	<u>84,367</u>
Restricted:		
St. Landry Bank - security deposits	46,542	46,919
Bank of New York Trust Co. of Florida:		
Capital reserve	-	4,030
Principal Account	<u>86,592</u>	<u>45,769</u>
Total restricted cash	<u>133,134</u>	<u>96,718</u>
Total cash and cash equivalents	<u>\$ 193,655</u>	<u>\$ 181,085</u>

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

NOTE 4 RESTRICTED INVESTMENTS

	<u>2009</u>	<u>2008</u>
Investments:		
Bank of New York Trust Co. of Florida:		
Debt Service Trust Fund-US Treasury Notes	[1] \$ 413,122	\$ 453,606
Debt Service Trust Fund-Fidelity US Treasury	[1] <u>95,528</u>	<u>112,741</u>
	<u>\$ 508,650</u>	<u>\$ 566,347</u>
	<u>Bank Balance</u>	<u>Bank Balance</u>
	<u>2009</u>	<u>2008</u>
Investments:		
Bank of New York Trust Co. of Florida:		
Debt Service Trust Fund-US Treasury Notes	\$ 413,122	\$ 457,602
Debt Service Trust Fund-Fidelity US Treasury	<u>95,528</u>	<u>112,741</u>
	<u>\$ 508,650</u>	<u>\$ 570,343</u>

[1] Cash accounts held by the bond trustee.

NOTE 5 LOAN COSTS

Loan costs are being amortized over 30 years. Amortization expense totaled \$8,785 for the years ended August 31, 2009 and 2008.

NOTE 6 DEBT SERVICE RESERVE FUND

The Debt Service Reserve Fund has been used to meet debt requirements as follows:

<u>Fiscal Year Ending</u> <u>August 31,</u>	
2005	\$ 123,835
2006	165,335
2007	168,680
2008	129,698
2009	166,112

The Debt Service Reserve Fund is below the required level of \$610,450 at August 31, 2009.

NOTE 7 NET DEFICIT

Management is addressing the deficit and had increased rental rates by 3% during the 2008-09 fiscal year. Management is continuing its efforts to decrease the deficit and has increased rental rates by 2% (\$439 to \$448) and 3% (\$539 to \$555) for 4 bedroom and 2 bedroom units, respectively, for the fiscal year ended June 30, 2010 for all residents.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

NOTE 8 PROPERTY AND EQUIPMENT

<u>Category</u>	<u>Cost</u>	<u>Estimated Useful Lives</u>
Building	\$ 4,361,642	40 years
Streets, sidewalks and pool	352,064	40 years
Fences, gates & signs	109,255	15 years
Interior fixtures	47,931	5 years
Furniture & lighting	321,890	10 years
Office equipment	24,178	5 years
Equipment	77,706	10 years
Total depreciable assets	5,294,666	
Less: Accumulated depreciation	(1,227,692)	
Net depreciable assets	<u>\$ 4,066,974</u>	

NOTE 9 LONG TERM DEBT

	<u>2009</u>	<u>2008</u>
Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Services 2002, issued January 1, 2002, at a coupon rate of 7.375%, principal payments beginning September, 2005 with final payment due September, 2033. Proceeds of bond utilized for construction, improvement and equipping student housing at LSUE.	\$ 6,835,000	\$ 6,905,000
Less current maturities	<u>90,000</u>	<u>70,000</u>
	<u>\$ 6,745,000</u>	<u>\$ 6,835,000</u>

The annual requirements to amortize debt outstanding at August 31, 2009, including interest payments are as follows:

<u>Fiscal Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 90,000	\$ 500,763
2011	110,000	493,388
2012	120,000	484,906
2013	125,000	475,872
2014	135,000	466,284
Thereafter	<u>6,255,000</u>	<u>5,669,346</u>
Total principal payments	<u>\$ 6,835,000</u>	<u>\$ 8,090,559</u>

## **INTERNAL CONTROL AND COMPLIANCE**



## Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

### Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors  
Eunice Student Housing Foundation, Inc.  
Eunice, Louisiana

We have audited the financial statements of Eunice Student Housing Foundation, Inc. (a nonprofit organization), as of and for the year ended August 31, 2009, and have issued our report thereon dated February 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Eunice Student Housing Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eunice Student Housing Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material

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effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specific parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana

February 12, 2009



EUNICE STUDENT HOUSING FOUNDATION, INC.

Summary of Prior Year Findings  
Year Ended August 31, 2009

There are no prior year findings.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Schedule of Findings and Questioned Costs  
Year Ended August 31, 2009

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on Eunice Student Housing Foundation, Inc.'s financial statements as of and for the year ended August 31, 2009.

Reportable Conditions - Financial Reporting

There were no reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements.

Material Noncompliance or Other Matters-Financial Reporting

There were no instances of noncompliance or other matters material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended August 31, 2009.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

09-1 Violation of Bond Covenants

Findings:

The Debt Service Reserve Fund is below the required level at August 31, 2009.

The Debt Service Coverage Ratio does not meet the requirements of the loan agreement.

Recommendation:

The Debt Service Reserve Fund balances and the Debt Service Coverage Ratio should meet the loan agreement requirements.

Response:

Management is addressing the problem by increasing rental rates and investigating refinancing the bond.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Schedule of Findings and Questioned Costs (Continued)  
Year Ended August 31, 2009

Part III Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the fiscal year ended August 31, 2009.

## **SUPPLEMENTAL INFORMATION**

EUNICE STUDENT HOUSING FOUNDATION, INC.

Schedules of Operating, General and Administrative Expenses  
Years Ended August 31, 2009 and 2008

	2009	2008
Advertising	\$ 10,814	\$ 12,441
Amortization expense	8,785	8,785
Bad debt expense	6,634	96,028
Contract services	28,750	27,154
Depreciation expense	165,087	167,587
Employee benefit	807	640
Insurance	23,975	27,116
Interest expense	507,678	512,582
Management fee	56,419	67,503
Meals and entertainment	1,536	1,400
Miscellaneous	6,280	6,504
Office expense	5,091	5,698
Payroll taxes	5,997	3,708
Postage	2,753	2,468
Professional fees	5,075	7,670
Repair and maintenance	23,551	16,598
Salaries	88,851	105,551
Supplies	4,182	3,876
Telephone	7,981	6,020
Training	384	1,995
Travel	6,035	5,836
Trustee fee	3,257	4,084
Uniforms	241	166
Utilities	104,703	66,582
	<u>\$1,074,866</u>	<u>\$1,157,992</u>

See independent auditor's report on additional information.